NORTH CENTRAL REGIONAL TRANSIT DISTRICT (NCRTD)
FINANCE SUBCOMMITTEE

May 22, 2015
9:00 a.m. - 11:00 a.m.

Executive Conference Room
1327 N. Riverside Drive
Espanola, NM 87532

AGENDA

CALL TO ORDER: Tim Vigil, Chair

Roll Call:

ITEMS FOR DISCUSSION/RECOMMENDATION

A. **Discussion and Review of FY16 Compensation Plan and Performance Increase Matrix**
Sponsor: Anthony Mortillaro, NCRTD Executive Director. *Attachment.*

B. **Minutes from April 24, 2015**
Draft Minutes.

MATTERS FROM THE SUBCOMMITTEE

ADJOURN

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language Interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing of the meeting, please contact the NCRTD Executive Assistant at 505-629-4702 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats.

Memorandum

To:	Finance Subcommittee
From:	Anthony J. Mortillaro, Executive Director
CC:	Troy Bingham, Finance Director
Date:	May 14, 2015
Re:	**FY 16 COMPENSATION PLAN AND PERFORMANCE INCREASE MATRIX**

Background: In fiscal year 2014 the district budgeted for a 3.5% increase in compensation and pay indexed benefit costs. For fiscal year 2015 the same amount had been placed in the budget for compensation increases. For FY 2016 the Compensation Plan proposed a 3% overall budgetary impact in compensation costs, an adjustment of some pay ranges and reclassification changes that were outlined in the Budget summary. Since we will be undertaking a compensation survey in FY 2016 only those changes that are deemed to be necessary have been made. It is likely that the survey once completed may have recommendations for other modifications, however those would be considered by the Board at a future date. The last compensation survey was conducted in July, 2013. Prior to that date a compensation study had not been undertaken since 2007. The changes in the recommended FY 2016 Compensation plan include: the new position of Mechanic (due to Taos consolidation), a Regional Transit Planner and a Transit Planning, Projects and Grants Manager have been added. The range for Human Resources Director has been upgraded based upon the difficulty we have had in recruiting for this position. Positon modifications that were included in the FY 2016 budget but which are covered by the Collective Bargaining Agreement are not reflected in this compensation plan.

The District ascribes to a pay for performance system for non-represented employees. For FY 15 the Performance Increase Matrix was evolved to provide for a differentiation of performance increases tied to certain performance scores. As a result, those employees whose score is indicative of truly meritorious performance would receive a greater increase than those whose performance is not as ambitious. An employee receiving a score of less than 3.0, which means that they are either partially meeting expectations or in need of improvement will not be eligible for a performance adjustment. The recommended FY 2016 Matrix remains the same as it was in FY 15.

For FY 2016 positions covered by the Collective Bargaining Agreement (CBA) will be receiving a 2% across the board increase.

Recommendation: It is suggested that the Finance Subcommittee discuss the Compensation Plan and Performance Increase Matrix and recommend forwarding them to the Board for adoption.

Attachments:

Compensation Plan – Non-Represented (FY16)
Performance Increase Matrix (FY16)

North Central Regional Transit District
Compensation Plan - Fiscal Year 2016 - Non Represented

Job Title	Minimum	MidPoint	Maximum	FSLA Status	Job Code	Department
Finance Director**	$71,801	$89,752	$107,702	Exempt	110	Administration
Transit & Facililties Operations Director**	$70,570	$88,212	$105,855	Exempt	200	Operations
Human Resources, Safety & Risk Director**	$68,974	$86,217	$103,461	Exempt	120	Administration
Fleet & Facilities Maintenance Manager	$46,579	$58,224	$69,870	Exempt	220	Operations
Transit Planning, Projects and Grants Manager	$45,982	$57,478	$68,974	Exempt	130	Administration
Public Information Officer	$45,982	$57,478	$68,974	Exempt	125	Administration
Financial Analyst	$42,730	$53,413	$64,095	Exempt	115	Administration
Marketing & Communications Specialist	$40,980	$51,226	$61,471	Exempt	117	Administration
Regional Transit Planner	$40,980	$51,226	$61,471	Exempt	129	Administration
Transit Shift Supervisor	$37,727	$46,216	$54,705	Non exempt	205	Operations
Executive Assistant	$36,218	$44,367	$52,516	Non exempt	135	Administration
Financial Specialist	$32,486	$39,796	$47,106	Non exempt	116	Administration
Administrative Specialist	$31,727	$38,864	$46,004	Non exempt	230	Operations
Fleet Mechanic	$31,588	$38,864	$46,004	Non exempt	228	Operations
Facilities Maintenance Specialist	$31,588	$37,905	$44,223	Non exempt	225	Operations
Fleet & Facilities Maintenance Worker	$28,488	$34,186	$39,883	Non exempt	226	Operations

**At will positions

NCRTD - Performance Increase Schedule - FY 2016

	Performance Score				
	<3	3.00-3.25	3.26-3.5	3.51-3.75	3.76-4.00
Performance Adjustment					
Employee pay rate falls below pay plan maximum. Increases are added to the base pay.	0.00%	2.00%	2.50%	3.00%	4.00%
Performance Recognition - One Time Salary Distribtuion					
Employee pay rate falls at or above maximum. Award treated as a one time distribution and not added to the base pay.	0.00%	2.00%	2.50%	3.00%	4.00%

Evaluation Form Performance Ratings and Numerical Score:

Performance Rating	Score
Exceeds Expectations	4
Achieves Expectations	3
Partially Meets Expectations	2
Needs Improvement	1

Finance Subcommittee

Meeting April 24, 2015

9:00 a.m.

Board Members Present: *Tim Vigil – Pueblo of Pojoaque and Councilor Pete Sheehey – Los Alamos County*

Staff Present: *Anthony Mortillaro – Executive Director, Michael Kelly – Transit and Facilities Operations Director, Stacey McGuire – Projects and Grants Specialist, Dalene Lucero – Executive Assistant*

Guest(s) Present*: Ken Smithson, City of Santa Fe*

Absent: *Commissioner Alex Naranjo - Rio Arriba County, Leandro Cordova - Taos Count, Commissioner Miguel Chavez – Santa Fe County*

Transcribed By: Dalene E. Lucero – Executive Assistant

ROLL CALL

APPROVAL OF AGENDA

CALL TO ORDER

A regular Finance Subcommittee meeting was called to order on the above date by Mr. Mortillaro at 9:12 a.m.

ITEMS FOR DISCUSSION/RECOMMENDATION

A. Discussion and Review of FY16 Preliminary Budget

Mr. Mortillaro noted that the Staff would be going over their budget specifically in terms of the expenditures that are being proposed. He continued, stating that he would first make his preliminary comments and Mr. Lopez would proceed to go over the revenues. The department specific budgets would then be reviewed.

Mr. Mortillaro continued stating that the process for developing the budget started early in the year. Directions are issued to the Staff regarding submittal and development of their expenditure plan and then review of the budgets occur between Staff, the Finance Department and the Executive Director. The preliminary then goes to the Finance Subcommittee for review, by which the Finance Subcommittee then makes a recommendation to the Board at the May 1, 2015 Board meeting.

The proposed budget is less than 1% more than the FY15 amended budget. Overall expenditures for FY16 total $10,609,422, whereas the amended FY15 totaled $10,516,336. The FY16 budget represents an increase of $93,086 (.88% over FY15 spending). Mr. Mortillaro referenced the chart on page 4 of the packet, noting that the budget was broken down by Capital, Operating and Administration.

Mr. Mortillaro continued, stating that changes in contribution levels for the State Public Employees Retirement Association (PERA) that occurred last year and that were agreed to in the Collective Bargaining Agreement was applied to all employees, and will be fully realized in this year's budget. As in previous years the fluctuation of fuel prices as well as a modest increase in other general expenses overall have been incorporated into this proposed budget. Additionally for FY 16, changes in the State Health Insurance plan will result in a 3% increase in premiums projected to take place in January 2016, which will increase both the District and Employees contributions.

Furthermore, the budget as presented provides for the continued implementation of new and modified routes as adopted in April, 2014 by the Board within our Service Plan Update as well as the addition of several new trial routes (Mountain Trail and La Cienega/Los Golondrinas), capital investment and the maintenance of existing service levels. It was noted that the Taos services were not included in the budget; it will not be incorporated until final action is taken by the Board, by which it will then be incorporated into the final budget and a budget amendment will have to occur. Of the total expenditures, $4,447,190 (64%) is allocated within the Operating budget and related to the NM Rail Runner Express, Los Alamos Atomic City Transit and Santa Fe Trails to fund regional services they provide as approved by the Board.

Mr. Mortillaro continued, stating there were some Staff additions inclusive of a Regional Transit Planner, additional Transit Driver II positons due to the addition of a 6 and 8 month pilot routes respectively for La Cienega/Los Golondrinas and Mountain Trail, and the increase from part-time Fleet and Facilities Maintenance position to full-time. Several positions are targeted for reclassifications and funding for those modifications have been incorporated within the specific departments budgets.

Mr. Mortillaro continued to further elaborate on these additional positions. He noted that the additional positions would bring the District from 50.8 FTEs to 55.03 FTEs.

Mr. Mortillaro proceeded to discuss the budget, stating that a 3% increase is budgeted for non-represented employees that is distributed in accordance with the Performance Matrix that is adopted annually by the Board. He noted in FY15 3.5% was budgeted, however not all performance adjustments occur at the same time and thus Staff thought that this would be sufficient to cover those adjustments. Lastly, the District's Collective Bargaining Agreement provided for a 2% increase for Fiscal Year 2016.

Mr. Mortillaro stated that the budget would be discussed in more detail a bit later. He then asked Mr. Lopez to discuss the Project Revenues for FY 2016.

Mr. Lopez referenced page 27 of the packet. He stated that the District is budgeting $10,609,422 in projected revenues for FY2016. The 5311/Administration budget is slightly higher than FY2015 operating budget. Staff did get notification from the New Mexico Department of Transportation that the District would receive a 3% increase in the 5311 Administrative grant, which will begin October 1, 2015. Therefore, Staff has budgeted three (3) months of the old grant as carryover from FY2015, with the addition of the 3% increase in October.

Mr. Lopez continued, stating that the 5311 Operating Budget was projected at $1,006,822, which is also higher than the FY 2015 budget. This is due to the combination of the 5316 grant with the 5311 grant. Additionally, the District received a 7% increase effective October 1, 2015 at the beginning of the Federal Fiscal Year. In the 5311 Capital Outlay budget, the District is anticipating to receive $200,000 to purchase additional vans and buses; this is less than FY 2015. Overall the District is anticipating receipt of a total of $1,739,954 in 5311 FTA funding for FY 2016.

Mr. Lopez moved on, stating that because 5316/JARC no longer existed, the District is budgeting $0 for FY 2016. In other federal grants, the District is budgeting $448,560. Transportation Alternatives Program (TAP) funding for the ADA Transition Plan and design and construction services is being re-budgeted in FY 16 in the amount of $140,976. Mr. Lopez continued, stating that the District is projected to receive $208,800 in 5310 Federal Funding to purchase two 8-passenger buses and two 13-passenger buses. The District also received some new awards from the Tribal Transit grants from FFY 2015; there is also additional funding received from Santa Clara Pueblo left over from FY 2012 that will be carried over into FY 2016.

Mr. Lopez proceeded to discuss the Los Alamos County contribution, noting that this year's funding contribution will be $50,000 less ($400,000 FY 15 vs. $350,000 FY 16). He referenced page 27 of the document, stating that the Actual Year to Date should read $400,000 instead of $450,000. Overall, the LA contribution has decreased from $600,000 in FY 2012 to $350,000 in FY 2016.

Councilor Sheehey stated that the amount of $350,000 was included in the County's budget, which was also in the process of being approved.

Mr. Lopez continued with the GRT Revenue and Miscellaneous portion of the budget, stating that the District is anticipating to receive $564,923 in Cash Balance and Project Carryovers. The District is also projected to receive $6,903,500 in GRT which is comparable to what was projected to FY 2015 from the 4-county region. The Miscellaneous Revenue of $207,344 consists of revenues received from advertising and fares.

Councilor Sheehey asked if all of the Federal monies had already been appropriated and encumbered with consideration to the expiration of MAP-21 in the next several months.

Mr. Mortillaro stated that they had been appropriated for this year and that the District would be okay. He noted that the State of New Mexico is usually a year behind, so the monies have already been encumbered.

Mr. Lopez confirmed, and stated that the funding was money awarded from FY 2015 for FY 2016. He then concluded his presentation of the revenues, stating that the overall projected revenue for FY 2016 totaled $10,609,422.

Mr. Mortillaro thanked Mr. Lopez for his presentations. He then referenced page 33 of the packet by which he proceeded to go over the Administrative budget for FY 2016. He mentioned that the Admin budget consists of the Executive Director's Office and some Contractual Services that are provided, such as legal services, Information Technology, the Stenographer, etc. Overall the Administrative budget includes the increase in Health Insurance, PERA and salaries.

Mr. Mortillaro continued, stating that Contractual Services were down from the prior year, primarily due to complete projects that are no longer deemed to be funded. Thus far, no increases from legal or IT have been determined. However, that may change with the addition of the Taos Chile Line, with the additional requirement for IT support.

Mr. Mortillaro then referenced page 34 of the packet, stating that the Operational budget was also down from prior year expenditures by about $15,000. He mentioned that the budget had not changed much, by which it also incorporated the District's continuing efforts towards customer service.

Mr. Mortillaro asked if there were any questions. There were none.

Mr. Lopez went on to review the Finance budget for FY2016, by which he referenced page 35 of the packet. He noted that the there was a slight increase in contractual services, due to an increase

in audit services; this is due to the extension of the contract with the current auditors and thus it is about $2,000 more than the previous fiscal year. Mr. Lopez mentioned that everything is level, with the exception of items such as Bank Service Charges; the District is anticipating an increase because they will be acquiring a new system that will allow them to scan checks and have them automatically be transferred into the bank account, rather than having Staff take deposits into the bank.

Mr. Mortillaro mentioned that there was an audit finding regarding the timeliness of deposits when financial staff is out. There was some difference of opinion regarding the fact that deposits should be made within 24-hours of receipt; Los Alamos County also went through this with their auditor about a year ago. Although the District was in disagreement with these practices, the audit finding was not included in the report with the promise that the District implemented new technological practices for making deposits.

Mr. Lopez continued with the IT Hardware/Software Support, stating that there was a slight increase; this was for any updates for the accounting system. He then moved on to the Dues and Subscriptions line item, stating that it also increased from the previous year due to the implementation of the Financial Transparency Platform.

Mr. Mortillaro noted that the Board would be able to see a demo on the Financial Transparency platform on May 1st; the platform is called OpenGov and show past and current year budgets.

Mr. Vigil asked how often the platform was updated.

Mr. Lopez indicated that it was updated on a monthly basis.

Further discussion continued on this item.

Mr. Lopez continued to page 36 of the packet, stating that there was a slight increase in Training and Registration Fees as well as lodging, since it is associated with training. Overall, the Finance operating budget has about a $5,000 increase from the previous year from $31,021 to $36,057. Finance is also looking at an increase in expenditures from $313,286 to $358,300.

Mr. Lopez asked if there were any questions. There were none.

Mr. Mortillaro asked the Subcommittee members to turn to page 37 of the packet, by which he directed Mr. Nagle to present his budget. He noted that last year was the first year the PIO and HR budget were broken down by individual budgets.

Mr. Nagle noted that the Contractual Services were down by about $20,000, this is a result of additional services that had been contracted for FY 2015, such as the ITS Launch and the revamping of the route schedules and brochures for each specific route, etc. What is currently included in the FY16 budget request is monies for video development and commercials. There's also about $7,500 included for a rider survey; the last rider survey was done in 2011, and now with the launch it seems like a good time to survey the riders based on the nee changes. Mr. Nagle also noted that there was some money for graphic design, particularly branding and new routes and services.

Mr. Nagle continued, stating that most of the line items have decreased slightly due to projects that were worked into the previous years' budget. However, advertising is up by about $8,000 in order to maintain the programs that were put in place during the time of the ITS Launch, as well as additional campaigns to promote the Mountain Trail Route.

Mr. Nagle moved on, stating that there was also an increase in training and registration fees from the previous year. This is due to the addition of a marketing conference that was not attended last

year; this was reinstituted from previous years for either the PIO or the Marketing and Communications Specialist.

Mr. Nagle noted that there were no additional increases or decreases from the prior year and later asked if there were any questions.

Councilor Sheehey noted that the Salaries and Benefits and Total Contracts did not add up to the total on page 38.

Mr. Lopez noted that the Salaries and Benefits, with the addition of total contracts, plus the total expenditures made up the total.

There were no further questions.

Mr. Mortillaro then moved on to the HR budget. He mentioned that the District was still trying to recruit for the HR Director position, and that is why there is no expenditure for FY15. Mr. Mortillaro noted that it had been very challenging, and although he had not resorted to a head hunter yet, he planned to do so in the coming months.

Mr. Mortillaro continued, stating that in the past the District did not use a search firm resulting in two sets of interviews. During both sets of interviews, offers were made and accepted; after acceptance both individuals declined. Although the District has tried to fill the position that had not been the case. With that being said, Staff believes that the salary may be partly the cause. Mr. Mortillaro mentioned that the salary may have to be increased in order to recruit the right candidate. The Board will get to review any changes to salaries when the Compensation and Classification Plan is brought forward to the Board for review in June. Mr. Mortillaro moved on to the budget stating that there was a slight increase in salaries and benefits to accommodate the potential range increase as well as PERA and Health Insurance.

Mr. Mortillaro continued to Contractual services, stating that there was an increase due to the possibility of utilizing a search firm for recruiting efforts, interview costs and some small relocation expenses.

There were no additional changes to the HR budget.

Mr. Mortillaro then moved on to the Operations budget, stating that it covered the Drivers, Fleet and Facilities as well as Operations Administration, he then referred to page 41 of the packet.

Mr. Kelly noted that there was not too many changes made to the budget from the previous years' budget. The only additions were the salaries and benefits for the two new positions for the Mountain Trail Route.

Councilor Sheehey asked what the miscellaneous expenses were in FY 2015.

Mr. Lopez noted that it was part of the Tribal Transit grants that the District received. It was mentioned that part of the grants were allocated to salaries, as well as routes specifically serving the Tribes. One of the grants awards is from Santa Clara that will be carried over from FY 2012 to FY 2016.

Mr. Kelly then moved on to the Operations Administration budget. He stated that the salaries for the Transit and Facilities Operations Director and the Administrative Specialist were included in this budget as well as the Project and Grants Specialist and Regional Planner positions. The only major increase in the budget includes IT Hardware/Software support. This is due to the

maintenance of the AVL system and equipment. The remainder of the budget has not changed from the previous year.

Mr. Mortillaro asked Mr. Guinn to give a brief overview of the Fleet – Building budget which was referenced on page 45 of the packet.

Mr. Guinn stated that there was an increase in contractual services, this is due to the District going out for bids for the janitorial services, as well as new live look systems on the buses.

Mr. Mortillaro noted that the District did not have a live look option with the camera/DVR systems currently installed on the buses. However, the District would like to transition to that capability so that Staff is able to see remotely as to what is going on inside of the bus, as well as to enhance security measures.

Further discussion continued on this item.

Mr. Guinn continued, stating that Tires and Vehicle Maintenance Repairs would also increase in FY2016. This is due to the aging of the fleet, by which more repairs are anticipated to be made. Additionally, as the LPG and CNG buses are received, the District is looking at a higher rate of repairs.

Mr. Guinn moved on, stating that the Fuel did not increase or decrease very much from the previous year. This is to keep up with the ongoing shift in fuel prices.

Mr. Guinn asked if there were any questions. There were none.

Mr. Mortillaro moved on to page 47 of the packet to discuss the Non-RTD Expenses. He noted that this included the contributions to the Railrunner, Los Alamos County and the City of Santa Fe. He mentioned that the Board adopted a methodology on how these contributions are allocated, by which the Railrunner receives 50% of the GRT that's generated in Santa Fe County, Los Alamos County receives 20% of the GRT and City of Santa receives 40%. Both Los Alamos County and City of Santa Fe are receiving a slight increase in GRT for services that the Board adopts annually.

Mr. Mortillaro asked if there were any questions. There were none.

Mr. Mortillaro then moved on to the Capital portion of the budget by which he referenced page 48 of the packet. As previously mentioned, the District has received revenue for the replacement of 5311 buses. Additionally, this is the first time the District has received such an award from 5310 in the amount of $261,000; between 5310 and 5311 the District will be replacing 8 buses.

Mr. Mortillaro continued, stating that one of the items that was not budgeted was the capital outlay that the District was going to receive. If a special session is scheduled to try to pass the capital outlay bill, the District may receive a total of $177,000 for vehicle bus replacements. The vehicle replacement schedule is set to meet the needs of the District at the current time.

Councilor Sheehey asked if Staff had evaluated the replacement needs for the Town of Taos buses.

Mr. Mortillaro stated they had.

Mr. Guinn noted that about half of the fleet is ready for retirement and can be sold. The other 4 vehicles are in good condition. There is quite a bit of spare fleet that is much more than the FTA requires; FTA suggests for a 10% spare fleet, whereas the Town was operating under a 50% spare fleet.

Mr. Mortillaro noted that the Town did not request any capital when they submitted their request for 5311 and 5310 funding for FY 2016 from the state. Therefore if the consolidation occurs, the District will be taking that into consideration when making those requests.

Further discussion continued on this item.

Mr. Mortillaro continued to discuss the Capital budget, stating that the District plans on replacing some of the Administrative fleet.

Mr. Mortillaro moved on to discuss Office Additions/Building, stating that the District was requesting $15,000 for additional office space and furniture to accommodate the additional positions if approved by the Board. He then went on to the Bus DVR Replacements, stating that the digital recording systems on the buses required replacement. Mr. Mortillaro then asked Mr. Guinn to speak more on this item.

Mr. Guinn stated that the current digital recording system was meant for school buses and is not up to date. The $25,000 will be used to replace the current DVRs on board some of the buses.

Mr. Mortillaro stated that it would only be sufficient for 5 DVR replacements and would not cover the entire fleet. He noted that Staff has been meeting with various vendors to get an idea on what types of systems are out there. Eventually the District would like to replace the camera systems.

Mr. Mortillaro continued to discuss the Emergency Electrical Generator. He noted that he did not know if the total amount requested would be spent because Mr. Guinn had been looking into military surplus. He stated that the District would try to meet its commitment purchase from military surplus, but if not they would proceed to purchase a new one inclusive of the pad, the fencing and the building connection.

Further discussion continued on this item.

Mr. Mortillaro moved on to the Solar Lighting Bus Shelters and Stops, stating that the District would like to retrofit the shelters and stops to accommodate solar lighting considering the fact that many of the shelters and stops are located in rural areas. This will help to improve safety for the users of the system.

Mr. Mortillaro proceeded to discuss the Skid Steer Loader attachments, by which he mentioned that a brush hog would be purchased to be able to cut weeds. $10,000 has been budgeted for various bus stop improvements, in addition to the ADA improvements that need to be made; $165,000 from FY15 and $360,000 for FY16.

Mr. Mortillaro asked if the budgeted amount would cover all of the bus stops.

Ms. McGuire indicated that she did not think so. She mentioned that a prioritized list would be ready for the Board meeting to be held on May 1st. The improvements per stop are anticipated to be about $10,000 - $15,000 per stop. Ms. McGuire elaborated further on this item.

Mr. Mortillaro noted that this funding comes out of FHWA versus FTA; this has been the third year of funding out of that program. If the District does not have enough money to finish the ADA improvements the District plans to go out for a fourth year cycle.

Mr. Mortillaro moved on to discuss the Cash Reserves as referenced on page 17 of the packet. Statutorily we are required to maintain a minimum of 8% of expenditures as a cash reserve. The Board's adopted policy is to maintain a 25% cash reserve level, which is due to the variability of the districts varied revenue sources. In addition, $700,000 of the funds in the cash reserve are

restricted by agreement with Los Alamos County and limited to being used as a revolving operating funding with replenishment required within six months. The District does have cash reserves that exceed the Board's funding requirement, however, when viewed in the context of the Long Range Financial Plan these funds can only be utilized in accordance with the District's financial policies.

The usage of the project carryovers and reserve balance is contained in the revenues to balance the budget. The funds being utilized are related to: a) TAP project, b) fleet match requirements, c) service enhancements for the pilot La Cienega/Las Golondrinas route starting February/March 2016 and the Mountain Trail commencing in October 2015, d) solar lighting for shelters and standalone bus stops, emergency generator and other capital improvements that are not federally funded. The total amount being utilized is $564,923 for comparison purposes in FY 15 $405,196 was budgeted for similar qualified uses provided for within the Reserve Policy. Project carryovers are being utilized for a portion of "a" plus additional reserve funds for the additional TAP construction funds received and "d" and capital reserve funds for item "b" and "c". The overall reserve balance exceeds the 25% Board requirement of $2,652,356. The projected balance for ending FY 16 is $7,247,192. The reserve allocation being requested represents approximately 7.8% of the projected ending balance.

Mr. Mortillaro then moved on to discuss the Long Range Financial Plan as he referenced page 16 and 21 of the packet. The LRFP reflects an update of the moderate case scenario, the proposed FY 16 budget, the CIP and future revenue and expenditure implications. Mr. Mortillaro noted that a 3% factor is applied to GRT revenues; this is projected to grow 3% annually. The same falls in line with the Capital federal dollars. As far as capital outlay finds from the state, it is unknown. Additionally, as of FY 2018 the Los Alamos contribution is unknown and therefore is not factored into this analysis as a revenue source.

Mr. Mortillaro then went on to discuss Tribal Transit funding, stating that he projected $120,000 for FY 2017, however there is no further funding projected for years out. He noted that he felt comfortable enough that the FTA would continue to grant awards for Tribal Transit.

In addition, based upon estimates provided by Taos County Finance Department the one time revenue generated from the Tax Increment District (TID) that was formed in Taos Ski Village for various public infrastructure improvements and private development that is anticipated to transpire has been reflected in the plan and anticipated to occur in FY 2018. It is projected that one time revenues will could equal $320,000. However, this has not been factored into the GRT listed on page 21.

Mr. Mortillaro noted that there were no other revenue sources incorporated into the Long Range Financial Plan.

Councilor Sheehey asked what the large increase was in FY 19.

Mr. Mortillaro stated that it was in relation to the Maintenance Facility that the District hopes to get funded for; that would reflect an 80% match. Board members will see on May 1st that the District is requesting 90%.

Mr. Mortillaro asked if there were any questions on the revenues. There were none.

Mr. Mortillaro proceeded with the operating expenses, stating that everything is set to increase by 3%. With the exception of the Capital investment plan, which is tied to the 10-Year Capital improvement plan.

Mr. Mortillaro referenced the comparison of the Revenues versus the Operating Expenses, indicating that they are shown in red due to the lack of revenues. In the event that revenue

degradation occurs during the term of this Long Range Financial Plan the District will need to assess its NCRTD GRT allocation for non-RTD provided regional services and/or increase its Federal funding for capital and other revenues to offset the reduction in the usage of the reserve to balance the budget. The District will remain conservative in its spending practices.

Mr. Mortillaro continued, stating that NCRTD GRT will need to be renewed through a District wide election in FY 2023. Based upon this Moderate Case Scenario the addition of new routes other than those approved in the adopted Short Range Transit Service Plan cannot be funded unless a reoccurring revenue source is generated.

The subcommittee then discussed the removal of the sunset clause on the tax.

Mr. Mortillaro went on to discuss the 10-Year Capital Improvement Plan as referenced on page 19 of the packet. He noted that the numbers reflected here are plugged into the Long Range Financial Plan. The fleet replacement has a formula that's utilized in terms of FTA requirements regarding replacement of fleet, which is a little more certain. Mr. Mortillaro continued, stating that the Plan did not include anything regarding the Taos consolidation. However, when and if that did occur, the Capital Improvement Plan would be updated to reflect that.

Mr. Mortillaro stated that the District has rolled more of the ITS Program into the plan to incorporate Automatic Passenger Counters under TIGER. He mentioned that the FTA requires a minimum of $1 million to apply for APC's. However, that doesn't mean that the District can't pursue APC's under 5311.

Mr. Mortillaro noted that ITS improvements are incorporated into the plan inclusive of Automatic Passenger Counters, Automatic Annunciators, Automatic Bus Inspection and Automatic Interactive Voice Response.

Ms. McGuire stated that IVR is a feature tied in with the telephone system that allows customers to call and be prompted with an automated system that will then give times based on each specific route which is a one-time fee of $30,000.

Mr. Mortillaro mentioned that the prices included in the Plan are based upon information received when going out for bid on the ITS system. There were a number of alternate additions to the system that were bid on in which the vendor was able to hold the prices for a 3-year period. Additions are made to the 10-year plan based upon what Staff feels needs to be addressed.

Mr. Mortillaro referenced the $200,000 in place for the Fueling Facility and noted that it was likely to go away. If the funding is received for the Maintenance Facility, then the Fueling Facility cost will be incorporated into that.

Mr. Vigil asked what the Fueling Facility will be for.

Mr. Mortillaro stated that it would be for gasoline, diesel and alternative fuels.

Mr. Vigil recommended that the generator mentioned previously, should be purchased based upon the types of fuels available at the said fueling facility.

Mr. Guinn stated that the District would be testing and LPG and CNG bus to determine what works best.

Mr. Mortillaro continued, stating that as the Taos improvements are added, there may be more capital improvements related to that, that will eventually have to be incorporated into the Plan.

Mr. Mortillaro wrapped up the discussion regarding the Plan and asked if there were any questions or comments. There were none.

Councilor Sheehey made a motion to approve the FY 2016 Preliminary Budget as presented and to move forward to the Board for consideration. Mr. Vigil seconded the motion and it passed by unanimous voice vote (2-0).

B. Minutes from March 27, 2015

Councilor Sheehey made a motion to approve the minutes from March 27, 2015, subject to any future changes. Mr. Vigil seconded the motion and it passed by unanimous voice vote (2-0).

MATTERS FROM THE SUBCOMMITTEE

ADJOURN

The Finance Subcommittee meeting was adjourned at 11:08 a.m.

The next Finance Subcommittee meeting will be held on May 22, 2015 at 9:00 a.m.